

# UNIT 4:

## \$ MANAGING MONEY \$

### BANKING AND BUDGETING





### Managing Money Lessons and Exercises

Lesson	Assignment	Date
1. Financial Institutions (pg.4-5)		
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## Financial Institutions

There are many different types of financial institutions. They provide a variety of services for people and businesses.

Financial institution	Features and services
<u>banks</u>	<ul style="list-style-type: none"><li>• government licensed</li><li>• <u>services include</u><ul style="list-style-type: none"><li>— chequing and savings accounts</li><li>— ATM (automated teller machine) services and online banking</li><li>— currency exchange</li><li>— bill payments</li><li>— safety deposit boxes</li><li>— investments such as RRSPs, GICs, and term deposits</li><li>— loans, mortgages, and lines of credit</li></ul></li></ul>
<u>credit unions</u>	<ul style="list-style-type: none"><li>• cooperative: account holders are members who have a say in the institution's financial policies</li><li>• <u>similar to banks in function and services offered</u></li><li>• many offer a <u>combined chequing/savings account</u></li></ul>
<u>loan companies</u>	<ul style="list-style-type: none"><li>• provide <u>loans and mortgages</u></li><li>• <u>may offer better interest rates than banks or credit unions</u></li></ul>
<u>investment companies</u>	<ul style="list-style-type: none"><li>• <u>financial planning services</u></li><li>• <u>wealth management: services such as choosing investments, planning for taxes, estate planning</u></li><li>• other financial services: <u>RRSPs, GICs, savings accounts</u></li></ul>
<u>trust companies</u>	<ul style="list-style-type: none"><li>• <u>manage and invest assets for an individual, a company, an estate, or a trust</u></li><li>• <u>keep records, pay bills, pay out inheritances, and distribute assets</u></li></ul>



## Practice

1. Circle the services provided by a credit union.

loans

bank drafts

estate management

online banking

health insurance

RRSPs

2. Kate is starting a bookstore in Quesnel. She needs a small loan to help with start-up costs. Why might she borrow money from a loan company? What advice could you give her?

e.g., A loan company may have lower interest rates, but she should check the interest rates offered at a bank or credit union where she currently banks, as well.

3. Austin is an automotive parts person in Fort Smith. He wants to start an RRSP but does not know much about them. Which type of financial institution could Austin ask for information?

e.g., a bank, a credit union, or an investment company

4. What financial institutions might you consider for each?

- a) day-to-day money transactions

bank or credit union

- b) obtaining a mortgage

loan company, bank, or credit union

- c) investments

investment company, bank, or credit union

- d) wealth management

investment company, trust company, or bank



### Hint

A mortgage is a loan for a house, condominium, or other property such as a piece of land or a cabin.

5. List any financial institutions that you know in the area. What type of financial institutions are they?

### Banks

Scotiabank  
RBC Royal Bank  
CIBC  
BMO Bank of Montreal  
TD Canada Trust

### CU

Carpathia CU  
Assiniboine CU  
Cambrian CU

### Loan, Trust, Investment Companies

Vertuity Mortgage Brokers  
(1450 Corydon)  
Shell A Financial Services (US Bank)  
Edmond Financial (420 Academy)  
Assante Financial Management (1345 Taylor)  
Westmacott Financial Services (1245 Taylor)  
Pavilion Financial (1001 Conquest) Taylor  
Peace Hills Trust (1734 Taylor) 5

### Types of Bank, Credit Union, and Financial Accounts

You need to know how you plan to use the account, before you decide which one to open.

**A. Bank/ Credit Union Personal BankingAccounts** - These are the accounts you need for day-to-day transactions and for saving or getting cheques that you can use to pay people or bills instead of cash or credit card. You need an account to get a debit card. You can get your pay from your job automatically deposited in this account. If you get paid by cheque or receive a large amount of cash you can deposit it at your bank or credit union or can take it there to cash the cheque. Your savings are protected by the government in case of financial institution failure.

1. **Savings**: account for saving/storing money because the bank pays some **interest** (a fee, based on a percentage, paid for borrowing someone else's money)
  - Interest rates vary between banks, or even between different types of savings accounts within a bank, however is usually higher than chequing accounts.
  - Recommended if you do not intend to have a lot of transactions, or do not need the money right away. Can have high **service charges** for withdrawals.
  - Good for your budgeted monthly savings.
  - You can access this account in person, at an ATM, or online.
2. **Chequing**: ideal for day-to-day spending activities, including debit card purchases, bill payments, pre-authorized monthly payments, and ATM use.
  - They have lower interest rates than savings accounts, but also lower **service charges** (cost charged by financial institutions for providing services)
  - Allows for a greater number of transactions than savings accounts.
  - Access this account in person, at an ATM, or online, as well as write cheques.
3. **Combination Account**: savings and day to day needs. It is part savings and part chequing so you do not have to have multiple bank accounts.
  - Most accounts only earn interest if the amount of money in account is over a certain amount (for example if you have a constant balance of at least \$500 you'd earn interest on the amount over \$500 only)
  - Has features of savings and of chequing accounts: bank in person or at an ATM; debit card purchases, bill payments, pre-authorized monthly payments, cheque writing.

If you need to make frequent transactions, look for an account with **low service fees** per transaction. If you want to save the money, look for a **good interest rate**. Ask your bank or credit about their accounts and compare your options. Most banks also offer special discounts for youth, seniors and students. Some banks have special accounts for newcomers

## Bank / Credit Union Accounts

So why should you keep your money in a bank account? There are plenty of good reasons:

- security
- bank accounts hold your money for you and help you to increase your savings by paying interest.
- A bank account also enables you to pay your bills online, by cheque, or at the bank itself.

## Types of Bank and Credit Union Accounts

Banks and Credit Unions offer many types of accounts. Here are some of the most common accounts. Each account type can provide monthly statements.

Account type	features
chequing	<ul style="list-style-type: none"><li>• Designed for transactions</li><li>• is best for day-to-day banking, including debit card purchases, cheque writing, pre-authorized payments, bill payments, and ATM use with low service charges</li><li>• usually lower interest rates and lower transaction fees</li><li>• allow you to write cheques which is useful for making payments</li><li>• has cancelled cheques and cheque register booklets</li></ul>
savings	<ul style="list-style-type: none"><li>• help you save money!</li><li>• You can withdraw when you want but they're really designed to help you to hold on to your money and to earn interest on it</li><li>• focuses on savings, with few or no account transactions</li><li>• has high service charges for withdrawal; earns interest</li></ul>
combination account – part savings and part chequing	<ul style="list-style-type: none"><li>• can do chequing account transactions</li><li>• can get a certain interest rate</li></ul>
Tax-free savings account (TFSA)	<ul style="list-style-type: none"><li>• is a savings account where no income tax is paid on earnings</li><li>• allows investments up to \$5000/yr, but account holder must be 18 or older</li></ul>

① For daily purchases with a debit card, use a chequing account.

To get cancelled cheques, use a chequing account.

② To save money from each paycheque, use a savings account.

To save \$400 a month to buy a house in 5 yr, use a TFSA.

3. To have the convenience of cheques but still earn a little interest, use a Combination  
account  
savings/chequing

**Banks and banking services quiz**

In pairs, match the items in column A to column B:

*Write the letter beside the description.*

**Column A**

**Column B**

1. Account for short-term savings needs.

*G*

A. Direct deposit

2. Card that allows you to access money electronically.

*D*

B. Chequing account

3. Account for low service and transaction fees.

*H*

C. Credit union

4. Account that allows you to save money and write cheques.

*F*

D. Debit card

5. Account for day-to-day transactions.

*B*

E. Not Sufficient Funds (NSF) fee

6. Name of fee charged if you write a cheque and there is not money in your account to cover it.

*E*

F. Combined chequing/savings account

7. Type of financial institution that is owned by its customers.

*C*

G. Savings account

8. Service that allows employer to deposit your pay into your account.

*A*

H. Low-cost account

### Example 1

Teghan is a set designer. In a typical month, she makes 16 transactions. She keeps a minimum monthly balance of \$650.

Which chequing account should she choose? Explain.

Account Information	Low-fee account	Value account	Unlimited account	Student account
monthly fee	\$ 3.95	\$ 8.95	\$12.95	free
no fee with minimum balance of ...	\$1000	\$2000	\$3000	—
number of transactions included per month	10	25	no limit	no limit
additional transaction fee	\$0.65	\$0.65	—	—

#### Solution

- A. What are her typical Value Account costs per month?

Teghan makes 16 transactions a month. This is less than the 25 transactions included in the fee. The only cost is the monthly fee of \$8.95.

- B. What are her typical Low-Fee Account costs per month?

The monthly fee is \$ 3.95. The account includes 10 transactions. Number of additional transactions:

$$\underline{16} - 10 = \underline{6}$$

$$\underline{6} \text{ transactions} \times \$ \underline{0.65} \text{ per transaction} = \$ \underline{3.90}$$

$$\text{Total cost: } \$ \underline{3.95} + \$ \underline{3.90} = \$ \underline{7.85}$$

- C. Should she choose the Value or Low-Fee Account? Describe the key features of the suggested account.

e.g., The Low-Fee Account; It has a low monthly fee and minimum balance, but a small number of free transactions.

- D. Should Teghan consider the Unlimited Account or the Student Account? Explain.

e.g., The Unlimited Account. Teghan cannot open a Student Account, because she is not a student.

#### REFLECTING

Why do you think you should **re-evaluate** your banking account needs each year?

#### Hint

To determine the number of days for interest, count from day to day, or subtract the first date from the second.

## Practice

For Questions 1 and 2, use the information in Example 1.

1. Jeremiah averages 20 transactions per month. He keeps a minimum balance of \$3500 in his chequing account.

a) Which account would you suggest? Explain.

e.g., Jeremiah's minimum balance is \$3500. So none of the accounts would have a monthly fee. I would suggest the Unlimited Account. It allows the most transactions.

- b) Jeremiah withdraws cash from an ATM that is not his own bank's 8 times per month. He pays \$1.50 per transaction. What is the cost per month?

$8 \text{ transactions} \times \$1.50 / \text{transaction} = \$12.00$  The cost per month is \$12.00.

### REFLECTING

What could Jeremiah do to pay less in service fees?



2. Joanne manages an all-terrain vehicle and snowmobile shop. Joanne keeps a balance of at least \$1000. She usually makes 12 debit card transactions, two teller transactions, and four ATM transactions a month.

a) How much will the Low-Fee Account cost Joanne?

No monthly fee of \$3.95

$18 \text{ transactions total} - 10 \text{ free} = 8 \text{ transactions}$

$8 \text{ transactions} \times \$0.65 / \text{transaction} = \$5.20$

The Low-Fee Account will cost \$5.20.

b) How much will the Value Account cost her?

e.g., no charge for transactions; \$8.95 for the monthly fee

c) Joanne chooses the Low-Fee Account. What changes in her banking would make the Value Account a better choice?

e.g., Joanne could keep a balance of at least \$2000 or increase the number of transactions.

3. a) What are some ways to keep records for a bank account?

e.g., cancelled cheques, receipts, deposit slips, withdrawal slips, on-line account statements

b) Choose one way to keep records in your answer for Part a). What type of account would you choose for it?

e.g., cancelled cheques; chequing account

**B. Investment / Savings Options** - You may want to **shop around** for rates and/or try an investment broker who has access to several different investment products.

The Canadian government has set up special savings plans to help your money grow more quickly. These include **RRSPs, TFSAs, and RESPs**. **Tax avoidance** is a financial strategy that everyone should try to do since, although all should pay their fair share, no one should pay more than they are supposed to. To avoid taxes includes making sure that you take advantage of all the products and tools that can help you **minimize your taxes**.

1. **RRSP or Registered Retirement Savings Plan:** is intended for retirement savings. It is a type of savings account where tax is paid only when the money is withdrawn, but while saving, the money in the plan is tax-deductible. You pay tax on your RRSP withdrawals because you made the contributions with pre-tax dollars.

- When you make an RRSP contribution, you get to deduct that amount from your taxable income on your tax return. The investments inside your RRSP grow free of tax while they stay in the plan. Down the road, however, when money is withdrawn directly from the RRSP or from the registered retirement income fund (RRIF) or annuity to which the RRSP has been converted, it will be taxable. TIP: When you get a tax refund because of your RRSP deduction, don't spend it and blow your RRSP efforts! Use it to pay down debt or put it back into savings.
  - Might be a better idea than TFSA for high income earners to save for retirement.
  - Yearly investment limit is determined for you by CRA (Canadian Revenue Agency)
  - You have to close your RRSP at age 71, but no minimum age to open an RRSP.
  - You need earned income to contribute to an RRSP but not to a TFSA

2. **TFSA or Tax Free Savings Account:** is intended for any type of saving goal (including retirement). It is a type of savings account where no income tax is paid on interest earning but the savings are also not tax-deductible. TFSA withdrawals are tax free because you made the contributions with after-tax dollars.

- Only allows investments up to \$5500 per year
- You must be 18 years old and have a SIN (social insurance number) but you don't need earned income to contribute and There is no age when you have to stop contributing or have to cash out the TFSA.
- Might be a better decision for low income earners to save for retirement than RRSP.
- Can do monthly automatic withdrawals into this account to help you save for **short term goal** (ie post-secondary education, trip, car, downpayment on house), or **long term goal** (retirement)
- If you're using for short-term, you can take the money out when you need it but make sure you've got the type of TFSA that doesn't have penalties for taking the money out
- If you're using it to save for retirement, then DON'T SPEND IT before! Leave the money in the TFSA to grow.
- In essence, a TFSA is the mirror image of an RRSP. You contribute after-tax dollars. In other words, you don't get a tax deduction for your contribution. But once the money is in the plan, it not only grows free of tax, but also comes out free of tax. No tax ever
- Ask questions about the fees and the rules with this account. Unfortunately, if your TFSA account includes high fees, these fees can easily wipe out the benefits of any interest return. Shop around. Make sure you understand the rules.

**TIP:** How saving early in your RRSP (or TFSA) helps: the magic of compound interest

Amy and Amanda may be twins, but they are very different when it comes to saving for retirement. Here's what they did:

**Amy:**

- Starts saving at age 20
- Puts \$1,000 a year into her RRSP to age 34
- Total she saved: \$15,000

**Amanda:**

- Starts saving at age 30
- Puts \$1,000 a year into her RRSP to age 64
- Total she saved: \$35,000



If both sisters made 6% yearly on their investments, before costs, what will they have by their 65th birthday?

- Amy: \$141,700
- Amanda: \$118,100

Note that Amanda actually contributed \$20,000 more than Amy, but Amy winds up ahead by more than \$23,000 due to the magic of **\*\*compounding interest\*\***. (*Compound interest means that you earn interest on the original amount you've saved, and then you continue to earn interest on the interest. Over time, the results can be dramatic.*) The best news is that you can earn interest on even small amounts of savings—so you can start the magic of compounding today. When it comes to growing your money, **time is critical** - so start soon.

Clearly, starting to invest early can really pay off. If you wait even 10 years to start saving, you would have to save a lot more money, over many more years, to come out ahead. When saving long term in an RRSP or TFSA, the ages 18-35 are crucial investment years. **Save from an early age and try to stay out of consumer debt!**

Use the compound interest calculator in the tools and calculators section to find out how your money will grow over time.

Source: [GetSmarterAboutMoney.ca](http://GetSmarterAboutMoney.ca)

When you're ready to invest in a TFSA or RRSP, get advice as to which is better for you (or whether you should open both) at the time, for your plans and your goals.





3. RESP or Registered Education Savings Plan - is an investment vehicle used to save for children's post-secondary education in Canada.

- Anyone (parent, grandparent, family, friend) can open an RESP for a child and make payments into it
- The principal advantages of RESPs are the access to the **Canada Education Savings Grant (CESG)** and a source of **tax-deferred income**.
- Like RRSPs, RESPs offer tax deferral. This means that interest income and investment growth earned within an RESP are not taxed as long as the funds remain in the plan. Withdrawals from an RESP are taxed in the hands of the student, which usually means they pay little or no tax.
- Unlike RRSPs, contributions to an RESP are not tax-deductible nor are they taxable when withdrawn. The main benefit of the RESP is the ability to have all earnings on the investments inside the RESP accumulate tax-free until withdrawn
- With the CESG, (for an eligible beneficiary until the end of the calendar year they turn 17) the government matches 20% on the first \$2,500 contributed annually to an RESP. The maximum total CESG the government will give, up to age 18, is \$7,200 per beneficiary. The grant proceeds are invested along with your contributions, further enhancing the benefits of tax-deferred and compound investment growth within your plan.

7. GIC or Guaranteed Investment Certificate: an investment that is **very low risk** because the investment and any interest earned are **guaranteed by the bank**.

- It tends to pay higher rates of interest than bank accounts but lower rates than some other investments
- A GIC can be held in a TFSA.

8. Other Investment/ Savings Possibilities:

- There are other ways to save or invest, including investing in mutual funds (which can also be held in a TFSA) or having an online high interest e-saving account. In both of these accounts, the interest earned is taxable. You can also open an account in another currency, like a US dollar account.
- You can find out much more about different kinds of investments and some things to keep in mind when you're considering an investment at this link:  
[http://www.osc.gov.on.ca/documents/en/Investors/res\\_invest-glance\\_en.pdf](http://www.osc.gov.on.ca/documents/en/Investors/res_invest-glance_en.pdf)

### Banks and Credit Unions: Consider types of Service Charges:

Before you decide which type of bank or credit union account to use, think about what you need the account for and how often you plan to access the money. You should know about the **service charges (fees)** that you will be charged.

Some examples of fees:



1. Monthly fee: paid for use of the account.
2. Overdraft protection: pay in case your account goes into a deficit.
3. Money transfer fee
4. Debit fee: some accounts only allow for a certain number of free debit transactions. You are charged for each additional debit transaction.
5. ABM fee: fee charged if you use an ATM that does not belong to your bank.
6. Monthly statement fee: fee for receiving a monthly paper statement.
7. Transaction Fees -accounts often come with a limited number of free transactions. After that, there are fees for using your debit card, making a withdrawal, paying bills, writing cheques.

### Before you Open a Bank or Credit Union Account, Ask Some Questions:

- What are the monthly fees?
- What transaction fees are included, and how many?
- What are the different accounts available?
- Does the bank require you to maintain a minimum balance to avoid monthly fees?
- Are there additional fees, on top of the monthly fee?
- Are there special banking plans for students with possibly low or no monthly fees?
- Check out their ATM and branch locations. Are their location and hours convenient for you?
- Look at the fees for the services you will use, including anything special you need - etransfer, international financial transactions, etc.
- Look at the rules. Is there a minimum balance you must keep in your account?
- How much interest can you earn on your deposits.
- Shop around and check out the fees and options of other financial institutions. Make sure you get the account that fits your needs.

## Comparing Fees Activity

The most economical account for one person may not be the best choice for another, depending on things such as the number of transactions they do or if they carry a minimum balance, etc. Go online to the website for a local bank or credit union and search the account types they offer to find the best account for each person given their situation. Try one of the following: RBC, Scotiabank, CIBC, TD Canada Trust, Bank of Montreal, Assiniboine Credit Union, Cambrian Credit Union, Carpathia Credit Union, or your own bank or Credit Union.

**Situation 1:** Margo is a 19 year-old university student who keeps a minimum balance of \$1000 in her account. She averages 18 transactions per month and is looking for a savings account that best suits her needs. Find an account at two different banks or credit unions and what they each have to offer her. You may need to click on a "learn more" button to get full details.

Bank A: Assiniboine CU

Account Details: Basic Savings

Monthly fee: Free

# of included transactions/month: 0

Free WD, debit, bill payment (online), telephone/mobile

Additional transaction fees: 1.50 ATM  
1.50 bill payment for branch

Interest rate: 0.05% on the balance

Daily interest on clearing balance

Other: most fees waived with minimum balance \$1000

high rate savings at least 0.25% (or more if higher deposits) but no free transactions

Which account of the two do you think Margo should choose and why?

transactions costly.  
savings better to just leave money.  
Assiniboine has many fees for \$1000 min. balance

Bank B: TD

Every Day Savings

Account Details:

Monthly fee: Free

# of included transactions/month: 1 debit per month

Additional transaction fees: \$2 debit  
2 ATM

Interest rate: \_\_\_\_\_  
Interest on every dollar calculated daily

Other: unlimited free transfers to TD accounts

no fees waived.  
min. balance of \$2500

bill payment?  
difficult to find fees, bill payment not mentioned, have to look at PDF.  
The savings on PDF not given as option? 15

*Direct Deposit*  
**Situation 2:** Stew is 23 years old and has just graduated from college and begun working as a lab technician. He keeps a minimum balance of \$5000 in his account. He averages 12 transactions per month and is looking for a chequing account that best suits his needs. Find an account at two different banks and what they each have to offer him. You may need to click on a "learn more" button to get full details (please abbreviate these details!).

Bank A: Cambrian CU  
student chequing

**Account Details:**

Monthly fee: free

# of included transactions/month: 0

Additional transaction fees: ATM, WP, transfer, bill payment, overdraft protection fee free

# of included debits: 0

Interest rate: ? doesn't say.  
variable interest calculated daily

Other: all service fees  
retained if a recurring  
direct deposit is set up  
75¢ a cheque

Bank B: Scotiabank  
Scotiabank chequing

**Account Details:**

Monthly fee: 0  
with min balance \$4000  
otherwise 12.95 a month  
# of included transactions/month: unlimited  
teller / self serve

Additional transaction fees: ?  
free internal transfers

# of included debits: Interac, ATM,  
bill payments, account transfers,  
cheque

Interest rate: 0

Other: Scotiabank  
Scotiabank  
Scotiabank

Which account of the two do you think Stew should choose and why?

It's not clear what is free with  
Cambrian. would have to ask.  
All free at Scotiabank so maybe choose  
them but there's no interest.  
If all free at Cambrian, choose  
them because you earn interest.

On the next page is an account statement for Luna. Luna is an 18 year-old university student. Examine Luna's monthly bank statement and fill in the information below:

Type of account: Checking / Savings

Opening Balance: \$23.52

Closing Balance: \$2532.45

Does she write cheques? no

Deposits:

How much interest has she earned this month? \$0.01

Total Deposits for this month: 3

Withdrawals:

Total ATM withdrawals: 5

Total ATM charges: 3

Total Debit Purchases: 2

Total Cheques: 0

Monthly banking fee: \$4.50

Total Transfers: 2

Total Payments: 0

Other:

Total Withdrawals for this month: 5

Comments:

## METROBANK 2

East Sector 1188, The City

**Luna LA-3819-023**

4506 B-Grid  
The City

### Account Statement Chequing/Savings

Date	Transaction	Description	Withdrawals	Deposits	Balance
	Balance Forward				\$ 23.52
	ATM Withdrawal		\$ 20.00		\$ 3.52
	Payroll Deposit	The Hub		\$ 158.88	\$ 162.20
	Monthly Fee		\$ 4.50		\$ 157.70
	Debit Card Purchase	Orbitz Treatz	\$ 17.84		\$ 139.86
	ATM Withdrawal		\$ 60.00		\$ 79.86
	Electronic Funds Transfer	Metro U bursary		\$ 2500.00	\$ 2,579.86
	ATM Withdrawal		\$ 200.00		\$ 2,379.86
	ATM Charge		\$ 1.50		\$ 2,378.36
	Electronic Funds Transfer	MetroRev GST credit		\$ 84.90	\$ 2,463.26
	ATM Withdrawal		\$ 200.00		\$ 2,263.26
	ATM Charge		\$ 1.50		\$ 2,261.76
	ATM Deposit			\$ 301.50	\$ 2,563.26
	Payroll Deposit	The Hub		\$ 158.88	\$ 2,721.94
	ATM Withdrawal		\$ 160.00		\$ 2,561.94
	ATM Charge		\$ 1.50		\$ 2,560.44
	Debit Card Purchase	CityLink Pass	\$ 28.00		\$ 2,532.44
	Interest			\$ 0.01	\$ 2,532.45

# Debit Cards

i) Explain how to use a debit card to make purchases.

e.g., Swipe or insert your card in the terminal. Then enter your PIN.

ii) Why is it important to protect your PIN?

e.g., to keep other people from accessing your bank account

iii) To access your bank account online, you need two things:

- your debit card number
- a secure password

Why do you need a secure password for online banking?

e.g., to prevent other people from guessing your password and accessing your account

Some advantages and disadvantages of a debit card:

① Why is a debit card more convenient than writing a cheque for purchases?

e.g., All transactions are recorded electronically, so it is easier to keep track of your transactions and your balance. You do not need I.D. to use it. Many places do not take cheques.

② How can you use your debit card number to keep track of your bank account?

e.g., Go online to see your transactions and balance.

③ How might using a debit card be better than paying with cash?

e.g., You do not need to carry cash. It's easier to keep track of your spending. -others can't borrow from you!

-a little safer (thief can't get money without your PIN);

4. Can you think of any disadvantages to using a debit card?

-can't use if you forgot PIN or if system is offline

-can't use in a cash only situation

-need to guard card and PIN (it's like a blank cheque)

-feels less like real money than cash (easier to spend mindlessly)

-might be charged a fee

### Example

Sean is a truck driver. In a typical week, he uses ATMs three times at truck stops. The average charge is \$3.25/transaction. About how much does Sean pay monthly for ATM use?



### Solution

- A. How many ATM transactions does Sean make each month?

$$\underline{3} \text{ transactions/wk} \times \underline{52} \text{ wk/yr} = \underline{156} \text{ transactions/yr}$$
$$\underline{156} \text{ transactions/yr} \div 12 \text{ mo/yr} = \underline{13} \text{ transactions/mo}$$

- B. What does he spend on ATM charges per month?

$$\underline{13} \times \$3.25 = \$ \underline{42.25}$$

Sean pays \$ 42.25 each month in ATM charges.

- C. How could Sean reduce his ATM expenses?

e.g., Sean could withdraw money less often. He could go to an ATM belonging to his bank.

### REFLECTING

Why do you think transaction fees are higher at ATMs that are not with your own bank?

### Practice

1. Circle the services connected with a debit card.

withdraw money

buy items on credit

pay bills

transfer funds

borrow money

buy groceries

earn interest

deposit money

check balances

withdraw money when travelling

invest in TFSA's

2. Kit's account has a daily cash withdrawal limit of \$500 on her debit card. Kit is thinking about asking her bank for an increase in her limit to \$1000 per day.

- a) What are advantages of increasing the limit?

e.g., She can use it to buy more expensive items; she can withdraw greater amounts of cash as needed.

- b) What are disadvantages of increasing the limit?

e.g., She might spend more than she can afford.

### REFLECTING

Do you think using a debit card is better than using a credit card? Explain.



### The Forgotten Transaction Register! – Brian Denysuik (credit counsellor) Credit Aid

Now that we have fully adopted electronic transactions and have retired the cheque, have we forgotten about a really important tool?

Most people today; get paid by direct deposit; have given authorization to various organizations to automatically remove money from their bank account for car payments, mortgage payments, life insurance payments; withdraw cash from ATM's multiple times per week and pay for goods and services using their Interac card. *They no longer; "tell their money where to go", it just waves good bye!*

As you can imagine these are a lot of transactions to keep track of. Yes we have access to online banking however if you don't record all these transactions how does one really know how much money is in their bank account and where it is going? Have those postdated bill payment been deducted from the balance I see in my account?

If we reflect back to the cheque world, we were all provided with a "Transaction Register". This was that little book with lots of pages where you recorded the balance of your account, wrote down all the cheques and all the pre-authorized debits as well as any cash you withdrew from your account. Once upon a time, we actually balanced our bank account to this register, another process that seems to have gone by the way side.

The "Transaction Register" is actually still available today, but only if you use cheques. If you don't order cheques, you don't get one of the best little budgeting tools we once had.

When we meet with clients to talk about where they spend their money we often times get this blank look on their face. It is very difficult for them to answer simple questions like how much they spend on food, gas or clothing. They simply keep spending until there are no funds left in their account. They could go online and review the transactions, but they just don't do it.

If a person were to record the incoming and outgoing funds in a "Transaction Register" they would easily be able to review the information. This old process as some people call it was a simplified budgeting process.

In today's world this budget process needs to be extended so that people understand exactly what they are spending money on. But even before you get into real budgeting, I would suggest you go back to using, or start using, the "Transaction Register."

AD-Automatic Deposit	AP-Automatic Payment	ATM-Teller Machine	CC-Credit Card	FD-For Debit	TT-Telephone Transfer
NUMBER OR CODE	DATE	TRANSACTION DESCRIPTION	PAYMENT AMOUNT	+	DEPOSIT AMOUNT
	1-15	Payroll Deposit			1500 00
DC	1-14	GAS	45 00		1605 00
OS	1-18	123 Storage	1800 00		605 00
100	1-20	Electric Bill	85 00		520 00
ATM	1-20	CASH	60 00		460 00
	1-27	Payroll Deposit			1500 00
101	2-6	ABC Foods	125 00		1835 00
102	2-8	Phone Bill	50 00		1785 00
AP	2-9	Mortgage	920 00		865 00

#### Start keeping track of the following:

1. Record all payroll deposits.
2. Record all cash withdrawals and Interac purchases.
3. Record your mortgage payments, car payments etc.
4. Record all other pre-authorized debits and the date they will come out of your accounts.
5. Record the bills you pay through your on-line banking.

This may seem very basic to some, however the majority of people are not doing it and are having trouble figuring out where all their money is going. So please, go ask your financial institution for a transaction register or use an app on your smart phone and start recording today!

Writing Cheques and TransactionRegister practice

You have a beginning balance of \$200.00 on Nov. 4 2016

You purchase groceries at Albertson's on November 13 for \$42.63 using your debit card. Next you receive a cheque on November 14 for \$20 for babysitting and deposit it into your account. As well on the

same day you pay a bill online to Rogers of \$65.62 for your cell phone. Also your monthly paycheque of \$742.35 gets automatically deposited into your account on November 15.. You have a cheque that comes out of your account monthly on the 30<sup>th</sup> for ukelele lessons for \$40. Finally you write a cheque to AAA Lawn Care for \$45 on November 20 for leaf raking.

Fill in the transaction register below ↓ completely. Start with \$200 in the top line in the far right column. Each time you add a line, updated the balance in that column. This balance tells you how much money in your account is available. It might be different than the amount shown in your online bank balance. Your bank balance only knows what has happened at the bank. It doesn't know if you've written a cheque that hasn't cleared yet. Also fill in the cheque below for the lawn care company. (See example ↑). Record the cheque number in the transaction register.

NUMBER	DATE	TRANSACTION DESCRIPTION	PAYMENT DEBIT (+) CODE	DEBIT (+) CODE	DEPOSIT CREDIT (-) CODE	CREDIT (-) CODE	\$
	Nov 4 2016						200 —
	Nov 13	Albertson's debit	42	63			157 37
	Nov 14	babysitting			20	—	177 37
	Nov 14	Rogers cell	65	62			111 75
	Nov 15				742	35	854 10
	Nov 17	ukelele	40	—			814 10
6244	Nov 20	Leave - AAA Lawn care	45	—			769 10

3. Circle the advantages of using a debit card. Underline the disadvantages.

e.g. no interest charges

safer than carrying money

may have fees

accepted by most retailers

easy to carry

another number to remember

can be used 24/7

can be lost or stolen

easily obtained

cannot spend more than you have

### REFLECTING

Why might you use cash instead of a debit card for small transactions?

4. Many retailers charge customers a fee for using a debit card for purchases less than \$5.00. Don uses his debit card daily to buy these items at the cafeteria:

- a morning snack for \$2.25
- lunch for \$4.75
- an afternoon drink for \$1.25

The cafeteria charges \$0.35 for each debit transaction.

- a) How much does Don spend in the cafeteria each day?

$\$2.25 + \$4.75 + \$1.25 = \$8.25$  Don spends \$8.25 in the cafeteria each day.

- b) How much is Don charged to use his debit card each day?

$3 \times \$0.35 = \$1.05$  Don is charged \$1.05 to use his debit card each day.

- c) Write the ratio of the charges to the food cost as a percent.

$$\frac{\$1.05}{\$8.25} \times 100\% = 12.727\ldots\%, \text{ or about } 13\%$$

5. Mackenzie is a nurse. She works 12 h shifts, so it is often difficult for her to get to her own bank. Last month,

- Mackenzie used an ATM at the gas bar twice. The fee was \$3.25 per transaction.
- Mackenzie used another financial institution's ATM 3 times. The fee was \$1.50 per transaction.

How much did Mackenzie pay in service fees?

$$2 \times \$3.25 + 3 \times \$1.50 = \$6.50 + \$4.50, \text{ or } \$11.00$$

Mackenzie paid \$11.00 in service fees.

6. What would be the most important advantage of a debit card to you? Why?

e.g. The most important advantage to me would be that I do not need to carry money. I might lose it.

**Online banking** - gives 24/7 access to an account. The access is from anywhere in the world where there is a secure Internet connection.

Example 1: How would online banking help in each of these situations?

- ① a seasonal fisherman who is home only on weekends  
e.g., gives him access to his account whenever he is in port
- ② a businesswoman who travels all over North America  
e.g., gives access to accounts from restaurants and airports

Example 2: Circle the disadvantages of online banking.

24/7 access	<u>unable to deposit or withdraw money</u>
no waiting in line	instant access to accounts
save time	<u>no in-person customer service</u>
<u>identity theft</u>	track account transactions
<u>insecure sites</u>	accessible from anywhere

B. Choose a disadvantage. What are some ways to deal with it?

e.g., Insecure sites: Only bank through your bank's official site. Do not enter your debit card number or your password into any site unless it shows a padlock or says https.

Example 3 A debit card number is needed for online banking. Debit cards also have a 4- or 5-digit PIN (personal identification number). The PIN is needed to access your account at an ATM or to use the debit card to make purchases. Sydney's bank has given her a debit card. How can she make up a secure PIN that she can remember?

**One idea:**

Sydney can use the dates of events that have special meaning. Sydney went on a trip with her family on December 23, 2007. How could she use this to make up a PIN?

4 digits: 12 23 or 2307 or 1207      5 digits: 12 237 or 72312

Example 4 List the services you can think of that you can do with online banking.

e.g., monitoring accounts, paying bills for companies with online payment access, paying taxes, transferring money between accounts, managing investments, ordering cheques, applying for loans or credit cards, reporting a lost or stolen debit card

1. Circle the ways online banking helps people and businesses. Underline the reasons they may choose not to bank online.

- have difficulty using a computer
- can do banking after business hours
- worried about fraud or computer safety
- enjoy the social part of talking with tellers at the bank
- do not have to stop working to go to the bank
- can see all transactions online

2. Is each statement true or false?

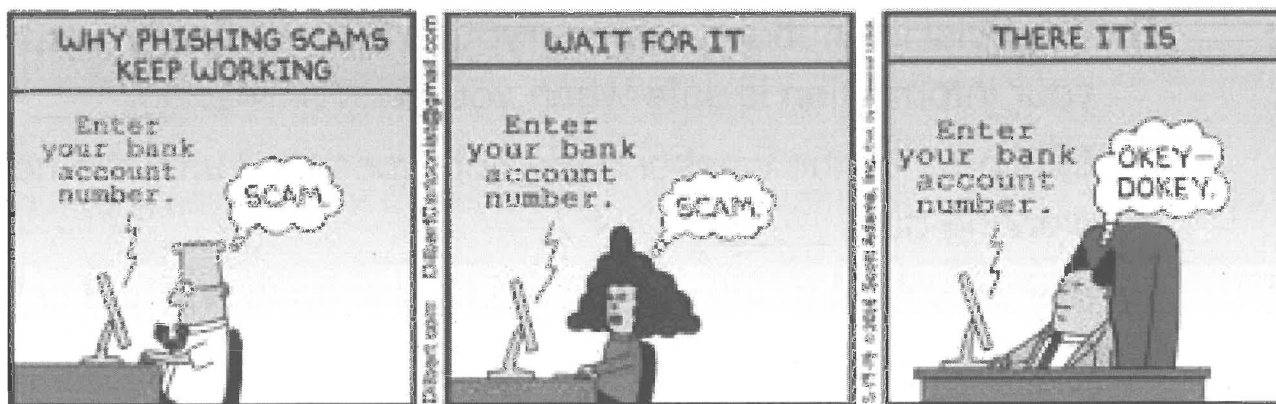
- a) You need your debit card number and password to bank online. true
- b) It is not safe to use the age or birthday of a family member as your PIN. true
- c) You cannot pay bills with online banking. false
- d) Online banking is available only on weekdays. false
- e) Online banking is safest using your own home computer. true
- f) Financial institutions use encryption technology to ensure your information is safe when you bank online. true
- g) Bills paid on the weekend are not processed until the next working day. true
- h) It is important to log out each time you have finished your banking online session. true

### Protecting your personal information online:

1. Online banking or using credit card online: Make sure the website you are using starts with https:// (the s stands for "secure").
2. Have a filter on your email to eliminate spam.
3. Keep your phone or other mobile device safe - treat it like a wallet and know where it is at all times. Don't leave it unattended.
4. Always type the website address into your browser. Don't click on a link in an email or open emails that require you to enter personal information. They could be scams.
5. Be careful what information you give on social networking sites - identity thieves trawl sites like Facebook and Twitter for personal details they can use.
6. Disable pop-ups in your browser - people can use pop-ups to install programs on your computer that "spy" on you or record your key strokes. This is how they find out passwords to your bank and other accounts. Most internet browsers let you block pop-ups.
7. Install up to date anti-virus software.
8. Log out of social media and bank websites and email accounts. Don't just close them.
9. Enable security settings on your mobile device. Turn off wifi, Bluetooth, and GPS when not in use.
10. Never use public computers for banking or payments. Your account details will be stored on the computer and you don't want that information to get into the hands of others.
11. Create a good password that is hard to guess. Don't tell anyone your password...ever! Change your password at least every 3 months. Don't use the same password everywhere. Test the security of your password at <http://www.passwordmeter.com/> . Which passwords work best?



**SECURE**



### Exploring Financial Planning

For the purposes of this assignment, assume that a 'short-term goal' is one that can be attained within two years.

1. Brainstorm a list all of your short term goals. Make sure you have between 3 and 5 goals.

2. Rank your goals in order of importance, and write them in order in the chart below.

3. Estimate the amount of money that you will need for each goal and write it in the appropriate place in the chart.

<i>Short Term Goal</i>	<i>Amount of Money</i>
1.	
2.	
3.	
4.	
5.	

4. If you only had one year to save up for your goals, how much money would you have to put away each month?

5. Is this amount of money realistic with your current lifestyle? Why or why not?

## Budgets

### Goals:

In this part of the unit you will learn the basics of budgeting and discover that budgets are a way to reach your personal goals by:

- keeping financial records
- creating a personal budget
- prioritizing expenses to balance a budget
- analyzing a budget.

Key Terms: You will be able to define and use the following terms:

- Budget
- Conservative budget
- Deficit
- Recurring expenses
- Regular income
- Surplus
- Unexpected expenses
- Variable expenses
- Variable income



Have you ever wanted to purchase something but found the item was too expensive? Perhaps you were looking at a new bike or a phone, but it cost more than you could afford. Maybe there is a course you would like to take, but you don't have the money saved for it.

A budget is your spending plan. Preparing and following a budget will allow you to live within your means, avoid the stress of debts, and give you the freedom to make choices with the money you have. Most importantly, a budget will allow you to plan how to achieve your goals.

A budget helps you keep track of what you spend and earn.

- A budget compares expenses to income. A budget can show a surplus (income is greater than expenses) or a deficit (income is less than expenses).
- A budget helps you decide where you can reduce spending.
- A budget helps you plan and achieve a financial goal.

\*\*\*\*\*If your records show that you are spending more than you earn, you need to create a budget to balance your accounts.\*\*\*\*\*

Creating a budget usually requires 3 steps:

1. Identify what you earn and how you spend money now
2. Evaluate your current spending and setting financial goals
3. Adjust budget items so that total income equals total expenses



Try these: i)  $\$10 - \$15 = -\$5$ iii)  $\$720 + \$45 - \$699 = \$66$ ii)  $\$57 - \$96 + \$23 = -\$16$ iv)  $\$1000 - \$2000 - \$100 = -\$1100$ **fixed expense**

a cost that  
remains the same  
from month to  
month

Ex. loan or car payments,  
mortgage/ rent, internet, tv

- 1 When creating a budget, you need to determine
  - your total expenses
  - your **fixed** and **variable** expenses
  - your total income from all sources

- 2 Circle the fixed expenses below.

**variable expense**

a cost that  
changes from  
month to month

ex. Food, clothing, Hydro, gas

- 3 Underline the variable expenses below.

- 4 Check any **recurring** expenses below.

**recurring expenses**

-Costs that happen over  
and over but the amount  
can vary from month to  
month

Ex. Hydro, gas, cell phone,  
water

car payment	clothing	cell phone	eating out
groceries	gas ✓	movies	rent ✓
video games	recreation	gym membership	utilities ✓
insurance ✓	gifts	vacation	car repairs

- **Regular Income:**

-Predictable income received at  
equal intervals.

Ex. wages and Salary, interest  
from investments

- **Variable income:**

- Income that changes over time  
and/or is not received on a regular  
basis.

Ex. tips, commission, piecework and  
bonuses, shift work that changes  
greatly from week to week

- **Unexpected Expenses:**

-Unpredictable expenses that occur from  
time to time.

Ex. car repairs, broken glasses • dental  
work

5. Loree is a college student who lives with her parents in Brandon, MB. Some items from her financial records are shown below. Identify the income and expenses. Identify the income and expenses and write in the correct place in the chart below depending on whether the income is regular or variable; and whether the expenses are fixed, recurring, or variable.

Bike race entry fee: \$75      Clothes: \$125      Car Insurance: \$180  
 Restaurant dinner: \$35      Sold skateboard: \$65      Cell phone bill: \$65  
 Groceries: \$75      Paycheque: \$800      Gas for car: \$45  
 Computer loan repayment: \$65      Food relief donation: \$30      Yard work for parents: \$45  
 Birthday gift from parents: \$100.

### Solution:

LOREE'S MONTHLY INCOME AND EXPENSES			
Income		Expenses	
Regular:	paycheque \$800	Fixed:	Car Insurance \$180
Variable:	Sold skateboard \$65		Computer loan repayment \$65
	cell phone bill \$65		
	Yard work parents \$45	Recurring:	Groceries \$75
	birthday gift parents \$100		Gas for car \$45
		variable:	bike race entry fee \$75
			Clothes \$125
			restaurant dinner \$35
			Food relief donation \$30

### Example

Tiffany is a pharmacy technician in Winnipeg. She tracked her expenses and income for a month. She has started a monthly budget. Continue Tiffany's budget.

#### A. Complete Tiffany's monthly budget.

Monthly income			
annual take-home pay is \$29481.12			
$\$29481.12 \div \underline{12} \text{ mo/yr} = \underline{\$2456.76} \text{ /mo}$			
Monthly expenses			
Fixed		Variable	
rent	<u>\$ 950.00</u>	<u>food</u>	\$271.42
<u>car payment</u>	\$219.37	gas	<u>\$ 84.28</u>
insurance	\$114.70	clothing	<u>\$ 75.98</u>
utilities	<u>\$ 86.45</u>	personal care	\$ 54.39
cellphone	\$ 62.50	<u>recreation</u>	\$ 68.00
savings	\$220.00	leisure	\$ 75.88
		miscellaneous	\$ 67.23
total expenses \$ <u>2350.20</u> /mo			
income of <u>\$2456.76</u> – expenses of <u>\$2350.20</u> = <u>\$106.56</u>			

B. Does Tiffany have a surplus, deficit, or neither? How much is it?  
surplus of \$106.56

C. This month Tiffany won \$500 in a charity raffle and must pay a vet bill of \$785.00 for her dog. How does this affect her budget?

Income of \$2956.76 – expenses of \$3135.20 = -\$178.44

Tiffany has a deficit of \$ 178.44 this month.

D. Tiffany wants to save an additional \$50/mo toward an RRSP. How could she adjust her budget to do this?

e.g., Tiffany might spend \$30 less each month on food, \$10 less on clothing, and \$10 less on leisure.

## Saving- Pay Yourself First

**MAKE SAVING  
A PRIORITY,  
NOT JUST AN IDEA.**

Most of the people I meet say, "I will start managing my money when I have enough money". As a planner I tell them "if you aren't managing your money now then you may not have any money to manage in the future".

Manish Chauhan, financial planner

### Worlds Simplest Money Management System

50% : Necessities Expense Account	← your day-to day expenses account 50%
20% : Financial Freedom Account	← only for investments. Never spend; only invested 20%
10% : Education Account	← Invest in skill development, personal development 10%
10% : Long Term Saving for Spending	← save for trip, car, mortgage, special clothes or things you want 10%
5% : Fun & Joy account	← balance out the investing for fun & joy (nurture yourself – restaurant, movie coffee, etc) 5%
5% : Give Account (Charity)	← To a lot of people <b>wealth</b> is how much you <u>have</u> . But if you truly want to create wealth, you might want to change that viewpoint. Try thinking of true wealth as how much you <u>give</u> . 5%

Most people wait and only save what's left over—that's paying yourself last. Instead, pay yourself first: set up saving as part of your budget. Deduct the money from your paycheck for long and short term saving before you do anything else. Try and set aside a certain portion of your income the day you get paid before you spend any discretionary money. You can set up an automatic deduction from your bank account on the day your paycheck is deposited, to go into your savings plans.

You may always say that you'll up your retirement contributions (next pay period, you promise!) or stash a little extra in your emergency fund, but somehow another month passes and you still haven't done it.

The problem is likely that by the time you've paid for everything else—rent, groceries, utilities and maybe even a few dinners out—you often don't have enough left to add to savings ... at least not until your next paycheck. And so the cycle goes.

In other words, the goal of paying yourself first is to help make sure your future self's key financial goals are covered, including building up an **emergency fund**, contributing to **retirement** and saving for any other **long- and short-term goals**, like a down payment on a new home. Bottom line: It's important to have these bases covered before you spend any portion of your paycheck on, say, those super cool shoes.

But the sooner you get started, the better off you may be. Not only will you be able to take advantage of compound growth to help grow your money faster, but you'll also help ensure that your financial goals are getting funded before life happens. Wait too long, and a major car repair, big bill or reduced hours or layoff could throw your future goals off track.

Try these!

1. Financial planners say, save by "paying yourself" 10% of your salary each month. Why do you think they suggest this?

e.g., If you don't pay yourself first, you may spend your income on bills and other expenses. It is important to have savings for unexpected events or emergencies.

2. Ali wants to save for a trip to Yellowknife. The airfare is \$563.08. Accommodation for eight nights costs \$1080.00. He is planning to have \$300.00 spending money.

- a) Ali would like to go on the trip in 1 yr. How much does he need to save each month?

$$\$563.08 + \$1080.00 + \$300.00 = \$1943.08$$

$$\$1943.08 \div 12 = \$161.92$$

Ali needs to save \$161.92 each month.

- b) Train fare is less, \$355.00. How much does he need to save each month?

$$\$355 + \$1080 + \$300 = \$1735$$

$$\frac{\$1735}{12} = \$144.58 \text{ He needs to save } \$144.58 \text{ each month.}$$

- c) Should Ali save for this trip or charge it on his credit card? Why?

Save. e.g., If he charges it, he will be paying interest. If his situation changes, it may be difficult to pay off the cost of the trip.

- 3 a) List Savanna's fixed expenses.

e.g., room and board, car payment, cellphone plan, savings, books and supplies, car insurance

- b) List Savanna's variable expenses.

e.g., gas and maintenance, clothing, computer supplies, extra cellphone charges, gifts, entertainment, eating out, magazines and music personal care

4. Use the charts for Savanna's expenses in Question 3.

- a) Create a monthly budget for Savanna. List the income, fixed expenses, and variable expenses. Include the monthly cost of annual expenses. Record the surplus or deficit. Circle to show whether the amount is a surplus or deficit.

Monthly income: \$ 1203.12

Total fixed expenses: \$ e.g., 663.23

Total variable expenses: \$ e.g., 460.00

Total expenses: \$ 1123.23

Surplus or deficit: \$ 79.89

- b) In the second year, Savanna will pay her tuition of \$1850. She also has a car repair that she charged on her credit card. The monthly payment for 1 yr is \$79.83. Will her monthly budget be in surplus or deficit?

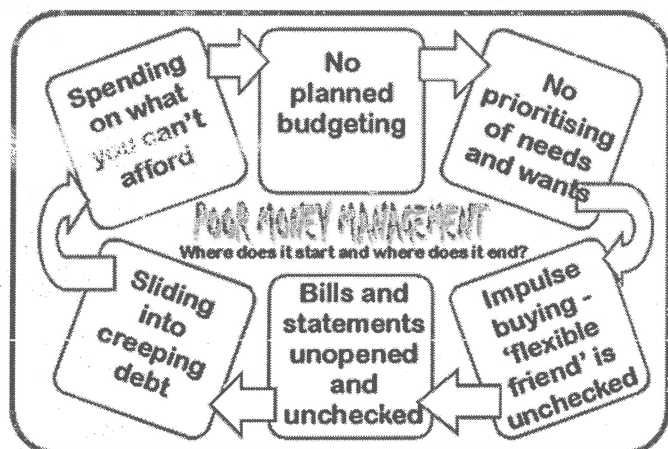
Monthly tuition:  $\$1850 \div 12 = \$154.17$

$\$79.89 - \$154.17 - \$79.83 = -\$154.11$

She will have a deficit of \$154.11.

- c) What budget changes could Savanna make to reduce expenses?

e.g., reduce her entertainment by \$50, eating out by \$35, clothing by \$25, personal care by \$15, savings by \$29.10



→ **Conservative budget**: a budget that underestimates income and overestimates expenses

(It's so easy to blow a budget. Part of the reason for this is **we often underestimate our spending**. One simple way to combat this: err on the side of overestimating. **Round your spending up**, because it's better to spend **less** than you expect **than more**.)

Golden rule for budgeting: budget liberally. Spend conservatively.

→ **Surplus**: the amount by which incomes exceeds expenses (ie you have money left after expenses)

→ **Deficit**: the amount by which expenses exceed income (ie you don't have enough money to pay all your expenses)

Why is it important to learn how to budget your money?

- Put yourself at risk of going into debt if you don't *(can help keep you out of debt or to get out of debt)*
- Teaches you to live within your means *(you don't spend money you don't have)*
- Helps you allocate your funds appropriately
- Helps you identify your financial priorities
- Helps you gain a sense of financial independence *(you can stop worrying about debt and bills and take control by making a plan and following your budget)*
- Helps you save and invest to reach your long and short term financial goals *(keep your eye on the prize)*
- Helps you meet financial emergencies
- Can shed light on bad spending habits *(take a close look at how you spend your money - you might be spending money on things you don't need - it can help you to rethink your spending habits)*

What other reasons can you think of? - lets you control your money  
- will let you know if you are living within your means *(instead of it controlling you) (difficult to tell if you use credit cards)*

Two factors affecting your budget:

1. What is important to you?

- Are you a **spender** or a **saver**?
- What do you **usually** spend your money on?

2. What are your financial goals?

- If you can't think of any, make a list of your **life goals**

**NOTE:** before you can create your budget, you need to keep track of:

- how much money you typically earn each month
- how much money you typically spend each month
- unplanned expenses

Example: David plays a bass guitar in an alternative rock band. He plays gigs almost every weekend and has already completed one cross-Canada tour. David has been very careful to record his financial transactions over a 6 month period so that he can create an accurate budget to help him plan for his future. He would like to start saving some money on a monthly basis. Below is David's list of income and expenses for the last 6 months.



DAVID'S INCOME AND EXPENSES FOR THE LAST 6 MONTHS			
Income	Expenses	Income	Expenses
SEPTEMBER		DECEMBER	
\$600 \$215 \$600 \$175 \$50 \$75 <u>1715</u>	Food: \$200 Rent: \$650 Car: \$150 Entertainment: \$140 Other: \$50	\$600 \$600 \$175 <u>1375</u>	Food: \$140 Rent: \$650 Car: \$140 Entertainment: \$50 Other: \$300
OCTOBER		JANUARY	
\$600 \$115 \$600 \$175 \$150 \$75 <u>1715</u>	Food: \$175 Rent: \$650 Car: \$140 Entertainment: \$200 Other: \$210	\$600 \$124 \$600 \$175 \$315 <u>1814</u>	Food: \$215 Rent: \$650 Car: \$180 Entertainment: \$50 Other: \$215
NOVEMBER		FEBRUARY (On Tour)	
\$600 \$50 \$65 \$600 \$50 \$75 <u>1440</u>	Food: \$215 Rent: \$650 Car: \$400 Entertainment: \$165 Other: \$70	\$600 \$50 \$215 \$600 \$175 \$45 <u>1685</u>	Food: \$50 Rent: \$650 Car: \$0 Entertainment: \$250 Other: \$300



a) Identify David's regular (happens every month) and variable (is different every month) income and calculate the totals for each category of income per month, and then

Regular income:

600 semi monthly  
(x2)  
= 1200

lowest total  
1375

variable income:

240-515 monthly

215	115	124	50	50
50	150	315	65	215
75	75	175	50	175
175	175	175	75	45
515	515	614	240	425

b) Identify David's fixed and variable expenses and calculate the totals for each category of expenses per month, and then the total expenses each month.

fixed expenses:

rent 650

variable expenses:

Food	200	140	175	215	215	50
Car	150	140	140	140	400	0
entert.	140	50	200	50	165	250
other	50	300	210	215	70	300

c) Design a conservative monthly budget for David for each of the 5 categories of expenses. (For a conservative budget, overestimate the expenses - take the most he has spent and then go a little bit above that. Underestimate the salary - take the least he has ever earned in a month and go a bit below that.) Allocate any income that exceeds expenses to savings.

Monthly Budget:

Income: 1350

Food 200

Rent 650

Car 200

Entertainment 50

Other 250

Total: 1300

budgeted total income minus budgeted total expenses: 1350-1300

d) If David follows this budget, forecast the amount that he will have saved after 1 year.

(take the income minus expenses amount and multiply by 12)

$$50 \times 12 = 600$$

## Preparing a budget

A monthly budget is divided into sections, based on a person's situation. One example would be to divide it into the following sections:

**1. *Net monthly income*** - includes:

- Primary annual income
- Secondary annual income
- Spousal income
- Other annual income, such as scholarships, tax credits, etc.

**NOTE:** Income is *net (after deductions)*, not gross (amount before deductions)! You calculate monthly income by dividing your net annual income by 12. You calculate weekly by dividing net income by 52, and biweekly (every second week) by dividing net income by 26.

- 2. *Monthly savings*** - it is recommended that you set aside at least **10%** of your monthly income. You can set up automated savings based on this figure. (Remember: pay yourself first!). Put these funds towards emergency savings, your retirement account, and any other savings funds.
- 3. *Monthly expenses*** - these can be both fixed and varied monthly expenses, such as bills, groceries, clothing, car maintenance, etc.
- 4. *Annual expenses*** - although you pay annual expenses once a year, you should budget for them each month. Again, **divide the annual expense by 12** and set aside this amount in an account so that you'll have the money when the year is up.
- 5. *Summary*** - first write your monthly income, and then find the sum of all expenses, savings and contributions, and subtract them from the income.

**\*\*NOTE: If your budget is in a deficit (below zero), you need to adjust your spending!\*\*\***

### ***Prioritizing purchases:***

1. Always pay yourself first - **do not use money budgeted for saving to reduce the deficit.** You have not fixed the problem, and it will take you longer to achieve your short/long term goals.
2. Do not sacrifice living expenses - there are certain important expenses that you need, including rent/mortgage payments, heating and water, groceries, etc.
3. What purchases do you really need? Evaluate your spending habits and decide which purchases are **necessary**, and which are not.

### MONTHLY BUDGET FORM

		Weekly Amount	Annual Amount	AVERAGE MONTHLY INCOME
<b>1) NET INCOME</b>				1) \$ _____
	Primary Income.....	\$ _____	\$ _____	
	Secondary Income.....	\$ _____	\$ _____	
	Other Income.....	\$ _____	\$ _____	
	Total Annual Income.....		\$ _____	
<b>2) MONTHLY SAVINGS</b> (10% of Average Monthly Income)				2) \$ _____
<b>3) MONTHLY EXPENSES</b>				
	Mortgage or Rent.....		\$ _____	
	Car Payments.....		\$ _____	
	Telecommunications.....		\$ _____	
	Hydro.....		\$ _____	
	Other Utilities.....		\$ _____	
	Cable.....		\$ _____	
	Groceries.....		\$ _____	
	Clothing.....		\$ _____	
	Car Maintenance.....		\$ _____	
	Gasoline.....		\$ _____	
	Health and Disability Insurance.....		\$ _____	
	Personal Care.....		\$ _____	
	Entertainment.....		\$ _____	
	Other.....		\$ _____	
	Other.....		\$ _____	
<b>TOTAL MONTHLY EXPENSES</b>				3) \$ _____
		Annual Amount	Monthly Amount	
<b>4) ANNUAL EXPENSES</b>				
	Car Insurance.....	\$ _____	\$ _____	
	Life Insurance.....	\$ _____	\$ _____	
	Property Taxes.....	\$ _____	\$ _____	
	Home Insurance.....	\$ _____	\$ _____	
	Vacations.....	\$ _____	\$ _____	
	Newspapers & Periodicals.....	\$ _____	\$ _____	
	Other.....	\$ _____	\$ _____	
<b>TOTAL MONTHLY EXPENSES</b>				4) \$ _____
<b>5) SUMMARY</b>				
	1. AVERAGE MONTHLY INCOME.....			1) \$ _____
	2. SAVINGS.....	2) \$ _____		
	3. TOTAL MONTHLY EXPENSES.....	3) \$ _____		
	4. TOTAL MONTHLY CONTRIBUTIONS.....	4) \$ _____		
	TOTAL AMOUNTS 2 + 3 + 4.....			\$ _____
	5. AMOUNT AVAILABLE FOR OTHER SAVINGS OR EXPENDITURES (DEFICIT)			5) \$ _____

**Note:** If the person is in a deficit position, the budget needs to be analyzed for possible adjustments to spending.

Another example would be to divide it into the following sections:

1. **Total Monthly Income** - includes:
  - Primary annual income
  - Secondary annual income
  - Spouses
  - Other annual income, such as scholarships, tax credits, etc.
2. **Total Housing Expenses** - includes:
  - Mortgage/rent
  - Property taxes (if you own)
  - Insurance (home or tenant)
  - Repairs or maintenance
  - Other housing expenses
3. **Total Utilities** - includes: (note that some may be included in rent)
  - Hydro
  - Water
  - Phone/TV/internet
  - Other
4. **Transportation** - depends on if you drive or take public transportation
  - Bus pass (public transportation)
  - If you drive, includes fuel, insurance, repairs and maintenance, license fees, and may include loan payments
5. **Personal Finances** - may include:
  - Loans and/or credit card debts
  - RRSP's or other investments
  - Life insurance or charities
  - Savings - it is recommended that you set aside **10%** of your monthly income. It can be used for emergencies or to invest for the future.
6. **Personal Expenses** - this is likely what you spend most of your money on now
  - Groceries or eating out
  - Clothing
  - Entertainment or going out
  - Gifts
  - Vacations

See budget template on next page

Gr.11 Essentials  
Managing Money

1. Income		5. Personal Finances	
a. Regular Monthly Income	\$ _____	a. Personal Loan	\$ _____
b. Spouses Regular Monthly Income	\$ _____	b. Investments	\$ _____
c. Secondary Income	\$ _____	c. RRSP	\$ _____
d. Other Income	\$ _____	d. Life Insurance	\$ _____
<b>Total Monthly Income</b>	<b>#1 \$ _____</b>	e. Charities	\$ _____
2. Housing Expenses		f. Credit Card Payments	\$ _____
a. Mortgage or Rent	\$ _____	g. Other Personal Finances	\$ _____
b. Property Tax	\$ _____	h. Savings**	\$ _____
c. Home/Tenant Insurance	\$ _____	<b>Total Personal Finances</b>	<b>#5 \$ _____</b>
d. Repairs/Maintenance	\$ _____	6. Personal Expenses	
<b>Total Housing Expenses</b>	<b>#2 \$ _____</b>	a. Groceries	\$ _____
3. Utilities		b. Clothing	\$ _____
a. Hydro	\$ _____	c. Entertainment	\$ _____
b. TV/internet	\$ _____	d. Gifts	\$ _____
c. Phone	\$ _____	e. Vacations	\$ _____
d. Water	\$ _____	f. Other Personal Expenses	\$ _____
e. Other	\$ _____	<b>Total Personal Expenses</b>	<b>#6 \$ _____</b>
<b>Total Utilities</b>	<b>#3 \$ _____</b>	7. Other Expenses	
4. Transportation		a.	\$ _____
a. Public Transport	\$ _____	b.	\$ _____
b. Car Loan	\$ _____	<b>Total Other Expenses</b>	<b>#7 \$ _____</b>
c. Car Fuel	\$ _____	<b>Total Monthly Expenses</b>	<b>#8 \$ _____</b>
d. Car Maintenance	\$ _____	(Sum: #2 thru #7)	
e. Car Insurance	\$ _____	<b>Income minus Expenses</b>	<b>\$ _____</b>
f. Other Transportation	\$ _____	(#1 minus #8)	(+surplus -deficit)
<b>Total Transportation</b>	<b>#4 \$ _____</b>		

Jorge's monthly income is \$2650.00. He usually has a surplus of \$345.00/mo. Can Jorge save 10% of his income each month? Explain.

Yes.  $\$2650 \times 0.10 = \$265.00$        $\$265 < \$345$

B

	A	B	C	D
1	<b>KARI'S MONTHLY BUDGET</b>			
2	Net income 1 (semi-monthly)	\$1173.00	Monthly net income 1	\$2346.00
3	Net income 2 (bi-weekly)	\$264.00	Monthly net income 2	\$572.00
4	Other (semi-annual)	\$1338.00	Monthly other income	\$223.00
5			TOTAL MONTHLY INCOME	\$3141.00
6				
7	<b>FIXED EXPENSES</b>		<b>VARIABLE EXPENSES</b>	
8	Rent	\$925.00	Groceries	\$246.00
9	Car payment	\$216.50	Transportation: gas, maintenance	\$123.50
10	Insurance (car, house, life)	\$145.17	Clothing and accessories	\$46.72
11	Telecommunications (phone, TV, Internet)	\$98.50	Health care (dentist, medications, eye care)	\$25.00
12	Utilities (water, gas, hydro)	\$196.75	Personal care	\$55.20
13	Education (tuition, books)	\$ -	Household items	\$42.00
14	Credit card 1	\$ -	Recreation (sports, gym)	\$65.00
15	Credit card 2	\$ -	Leisure (movies, dining out, concerts, magazines, DVDs)	\$145.00
16	Loans	\$ -	Vacations	\$72.00
17			Pet care	\$ -
18			Gifts and donations	\$35.00
19			Miscellaneous	\$110.00
20	TOTAL FIXED EXPENSES	\$1581.92	TOTAL VARIABLE EXPENSES	\$965.42
21				
22	TOTAL MONTHLY INCOME	\$3141.00		
23	TOTAL MONTHLY EXPENSES	\$2847.34		
24	Savings (10% of Income)	\$314.10		
25	SURPLUS OR DEFICIT	\$279.56		

Kari has a monthly surplus of \$ 279.56 .

**Example**

Suppose Kari's situation changes as a result of the following:

- She gets a raise of \$285 net, semi-monthly, from her medical lab technician job. *now \$1458 semi-monthly or \$2916 a month*
- She decides to quit her second job. *\$0*
- Her rent increases to \$960/mo. *\$35 increase*
- Instead of her vacation budget, she budgets \$180/mo for a trip to Paris. *108 more*
- Her transportation costs increase by \$24/mo. *123.50 + 24*
- She adopts a dog. The pet care expenses are \$74/mo.

$$1173 + 285 = 1458$$

$$(1458) \times 2 = 2916$$

How do these changes affect Kari's spreadsheet budget?

	A	B	C	D
1	<b>KARI'S MONTHLY BUDGET</b>			
2	Net income 1 (semi-monthly) <i>1458</i>	<del>\$1173.00</del>	Monthly net income 1	<i>2916</i>
3	Net income 2 (bi-weekly) <i>0</i>	<del>\$264.00</del>	Monthly net income 2	<i>0</i>
4	Other (semi-annual)	\$1338.00	Monthly other income	<i>223</i>
5			TOTAL MONTHLY INCOME	<i>3139</i>
6				
7	<b>FIXED EXPENSES</b>		<b>VARIABLE EXPENSES</b>	
8	Rent <i>960</i>	<del>\$925.00</del>	Groceries	<i>246</i>
9	Car payment	\$216.50	Transportation: gas, maintenance	<i>147.50</i>
10	Insurance (car, house, life)	\$145.17	Clothing and accessories	<i>46.72</i>
11	Telecommunications (phone, TV, Internet)	\$98.50	Health care (dentist, medications, eye care)	<i>25</i>
12	Utilities (water, gas, hydro)	\$196.75	Personal care	<i>55.20</i>
13	Education (tuition, books)	\$ -	Household items	<i>42</i>
14	Credit card 1	\$ -	Recreation (sports, gym)	<i>65</i>
15	Credit card 2	\$ -	Leisure (movies, dining out, concerts, magazines, DVDs)	<i>145</i>
16	Loans	\$ -	Vacations <i>saving for trip</i>	<i>180</i>
17			Pet care	<i>\$ - 74</i>
18			Gifts and donations	<i>35</i>
19			Miscellaneous	<i>40</i>
20	TOTAL FIXED EXPENSES	<i>1616.12</i>	TOTAL VARIABLE EXPENSES	<i>1171.42</i>
21				
22	TOTAL MONTHLY INCOME	<i>3139</i>		
23	TOTAL MONTHLY EXPENSES	<i>2788.34</i>		
24	Savings (10% of income)			
25	SURPLUS OR DEFICIT			

Her total monthly income becomes \$ 3139

Her total monthly expenses become \$ 2788.34

According to this changed income and expenses, Kari has a surplus of \$ 350.66  
 $3139 - 2788.34$

**Preparing to make a Budget**

Make a list of where you get your money, everything you spend your money on, and how much you save (if you do). If you have a chequing account, go online and see how you spend your money.

Sources of money (**income**) monthly (include dollar amounts):

What you spend your money on monthly (fixed and variable expenses - include dollar amounts)

How much you save:

Your financial goals (short term - saving up for something; long term - paying for post-secondary education; taking a trip) - include approximate costs



Using your list of the income you receive and the expenses you have each month from page 2 and page 44, **prepare a budget for yourself**. Use the following to organize your income and expenses. Prepare the budget on paper or try the following link to set up a budget for your current needs.

If your income and expenses are equal, you aren't saving anything.

[illegible]

Create a monthly budget for yourself using a template or one of your own or a budget online such as at the following link, <https://www.cicmoney101.org/Calculators/Budget-Worksheets/High-School-Student.aspx>. Using your list from page 44, figure out your categories of spending/expenses. As you did for David on pages 35-36, overestimate your spending in the categories and underestimate your income to come up with a conservative monthly budget for yourself.

## Start Here

to begin your journey toward financial success!

<b>GIVING</b> <span style="float: right;">(B) Budgeted</span>	
	Charity \$ _____
	Other: _____ \$ _____
<b>GIVING TOTAL:</b> \$ _____	
<b>SAVING</b> <span style="float: right;">Budgeted</span>	
	Emergency Fund \$ _____
	College \$ _____
	Car & Repairs \$ _____
	Computer \$ _____
	Other: _____ \$ _____
<b>SAVING TOTAL:</b> \$ _____	
<b>FOOD</b> <span style="float: right;">Budgeted</span>	
	Restaurants / Eating Out \$ _____
	School Lunch / Snacks \$ _____
<b>FOOD TOTAL:</b> \$ _____	
<b>CLOTHING</b> <span style="float: right;">Budgeted</span>	
	Clothes \$ _____
	Sports Jerseys / Apparel \$ _____
<b>CLOTHING TOTAL:</b> \$ _____	

<b>TRANSPORTATION</b> <span style="float: right;">Budgeted</span>	
	Gas \$ _____
	Car Insurance \$ _____
	Oil Changes \$ _____
	License & Taxes \$ _____
<b>TRANSPORTATION TOTAL:</b> \$ _____	
<b>PERSONAL</b> <span style="float: right;">Budgeted</span>	
	Cosmetics / Hair Care \$ _____
	Music / Technology \$ _____
	Gifts \$ _____
	Pocket Money \$ _____
	Cell Phone \$ _____
	Other: _____ \$ _____
<b>PERSONAL TOTAL:</b> \$ _____	
<b>RECREATION</b> <span style="float: right;">Budgeted</span>	
	Movies \$ _____
	Concerts \$ _____
	Sporting Events \$ _____
	Other: _____ \$ _____
<b>RECREATION TOTAL:</b> \$ _____	

\$ _____	-	\$ _____	=	\$ _____
(A) Monthly Income		(D) Monthly Outgo		(E) ZERO!

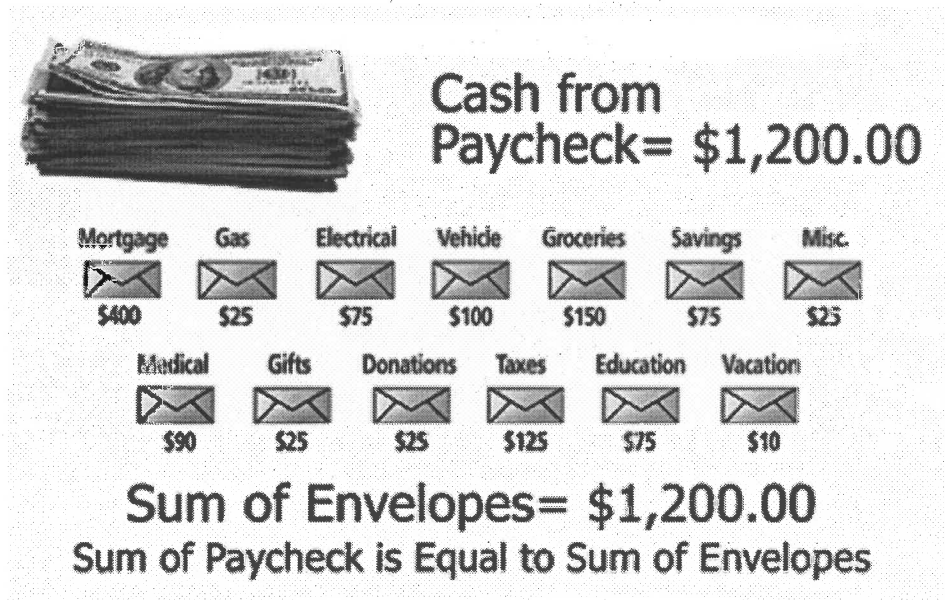


### Budget Basics

Remember, a budget needs to be flexible, to allow for personal situation changes, such as a job loss, needing to change living arrangements, or an emergency.

Luckily there are many ways to budget, so if the first method you try isn't right for you, try something else.

If you prefer to use cash, the **envelope system** may work well for you. After you identify your spending habits and create your spending categories, label a plain white envelope for each category. Put your budgeted money in the corresponding envelopes and spend from there. Remember to protect your money, keep your envelopes in a safe place and always know who has access to them.



If you bank online, you may have access to **online budgeting tools**. Online banking allows you to manage your account 24/7, noting which purchases have cleared your account and which are still pending. Visit with someone at your bank, or go online to learn about your bank's options.

Online tools, websites and apps are also good options. Here are some free options to explore.

-OKMM's Personal Budgeting Tool <http://www.oklahomamoneymatters.org/calculator/Default.aspx>

- Mint.com <https://www.mint.com/canada> (create budgets, track bills, etc.)

- Level Money <https://www.levelmoney.com/> (helps you plan ahead for essentials like rent and bills, and then lets you set a target savings goal)

-Dollarbird <http://dollarbird.co/> (calendar app for finances)

-Mvelopes <https://www.mvelopes.com/> (budgeting app)

### **Your budget is...**

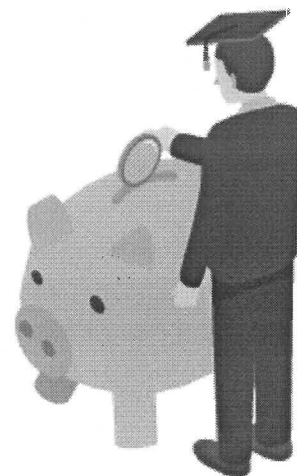
→If you realize you're spending too much money, do what you can to cut back.

→If you've slashed expenses and still don't have enough money, increase your income by finding a better paying job, turning a hobby into a job or do odd jobs like baby-sitting or mowing lawns. Sometimes all you need is some marketing and a little creativity to make some extra cash.

## 6 key tips for post-secondary students and recent grads

Build and use monthly budgets. Establishing your budget should involve tracking all of your day-to-day expenses, as well as your school costs from housing to groceries to transportation to textbooks. From there, it's important to be conservative with how expenses add up in relation to income, and then make adjustments as needed.

Understand credit and credit score. A credit card can be a valuable tool, but it can also be a source of great financial stress if not used appropriately. Do research to find out about fees, limits and interest rates, and how spending and payment behaviour impacts your credit rating.



Recognize some important things to look for in a first-time job, beyond salary. Many employers offer a range of programs and initiatives to help promote a positive work culture, employee engagement and retention, and to help employees in saving for the future. When applying for or accepting a new position of employment, some key financial aspects to understand are the benefits package and terms, whether the company offers a pension plan and which type it is (a defined benefit plan or a defined contribution plan); if there's an employer-sponsored group RRSP plan, or if they reimburse professional development courses or association memberships that will help you advance in your role and career.

Focus on saving. Incorporating it into your budget is an effective way to generate and grow your savings. A good starting point is to direct three to 10 percent of your paycheque to a savings program. Part and parcel of this should also be understanding the difference between an RRSP and a TFSA and the potential benefits of each.

Develop a process for managing your bills and accounts. Even in a highly digital age when you can arrange for automatic payments online, it's important to keep track and check these regularly.

Know and make the most of available tax-planning strategies and credits for students. A useful checklist can be found in the Spring 2016 edition of Perspectives.

Source:

<https://www.rbcwealthmanagement.com/ca/en/research-insights/financial-management-among-young-adults-realities-and-strategies/detail/>

## The first step in financial planning

Perhaps the 7 financial pointers below will be of some assistance in helping you get started on a financial path that leaves no regrets.

1. In the teens and early 20s, investing in oneself takes precedence. Education, training and work experience build up a person's "human capital" and lead to a higher stream of income over their life span. "Your job and future career is the most important factor in achieving financial independence and security," notes Ken Hawkins, vice-president of research at Toronto-based financial advisory firm Weigh House Investor Service ([www.weighhouse.com](http://www.weighhouse.com)). Adds Jean Lesperance of the Canadian Financial DIY blog ( <http://canadianfinancialdiy.blogspot.com>): "One of my best financial moves was getting a degree in business that has ... helped me get better jobs and earn more over my career."

2. Borrowing for post-secondary education, training programs, or starting a business is the good kind of debt, for reasons mentioned above. But it can go awry. For writer Craig Baird of Stony Plain, Alta., who wrote The Complete Guide to Investing in Index Funds ), it was one of his worse financial mistakes: "I got a degree ... which saddled me with a \$40,000 debt I only have now paid off. What made it worse was I never really got a job from that degree, and am in a totally different industry now." In short, it pays to be frugal and borrow less. Consult guides to economical living such as The Debt Free Graduate book ([www.debtfreegrad.com](http://www.debtfreegrad.com)). While in school, "pursue scholarships and bursaries," recommends Adrian Mastracci, a fee-only portfolio manager at KCM Wealth Management Inc. ([www.kcmwealth.com](http://www.kcmwealth.com)) in Vancouver.

3. Many teens with part-time jobs have plenty of disposable income. Lacking financial obligations, it's easy for them to fall into habit of spending freely on trendy jeans, brand-name shirts, cellphones, and other things. Yet saving is critical to reaching financial goals, so the earlier one gets into the habit, the better. When Preet Banerjee, an Oakville, Ont.-based financial adviser, flipped burgers at McDonald's as a teenager, his father started him on a pre-authorized contribution plan with a mutual fund. "I put in \$50 every two weeks".

4. Canada's tax system is horribly complex and many people miss opportunities to preserve or augment their finances because they are not familiar with all the details. Don't leave money sitting on the tax table: time invested in learning about registered plans, tax credits, and so on can yield major dividends. For example, an 18 year old who files a tax return and opens up a Tax Free Savings Account (TFSA) - even if there is no money to deposit - begins accumulating contribution room every year afterward. By the time they reach 25, they can put aside as much as \$35,000 to compound tax free. Other reasons to file tax returns include claiming GST/HST credits and accumulating contribution room in registered retirement savings plans.

5. Credit card companies launch marketing campaigns on campuses each year, offering special low rates and free gifts for filling out application forms. Credit cards with unpaid monthly balances are not a good kind of debt because they finance mainly consumption items - and at rates near 20 per cent. "If I could go back and tell myself at 28 one thing, it would be to fight debt more diligently," remarks Alan Whitton. "Pay off credit cards each month," warns David S. Shymko.

6. Young people are introduced to credit cards, payday loans, and other forms of borrowing before many are fully coanizant of the consequences of missed payments or paying off large debt loads. Use of credit is tracked closely at a central registry and used to compile a credit score that financial institutions consult whenever a person applies for credit; overspending and irresponsibility can thus result in an inability to borrow funds at affordable interest rates in the future. But even if debt is paid off on time, a large amount can take a long time to amortize and may limit or delay the purchase of a house or car. "If someone had sat me down and explained to me why I needed to care about managing my finances at the age of 16, I probably wouldn't be 29 years old and living in my mom's basement," said Adam Goodman.

7. "If I had looked into the fundamentals [of personal finances]30 years ago ... your mother and I would be very well off today," says David's 58-year-old father in David Chilton's book, The Wealthy Barber. It is better to learn about personal finances at an early age. Of note is the magic of compounding and the golden rule to "pay yourself first," which means to have a percentage of one's pay cheque automatically transferred into a savings vehicle. The earlier such advice is taken to heart, the greater the benefit. Therefore, to become more literate about personal finances, seek out mentors - those with experience who are willing to pass on what they know. And read the right books, starting with sources such as: The Wealthy Barber, by David Chilton; The Millionaire Next Door, by Thomas J. Stanley and William D. Danko; The Debt Free Graduate, by Murray Baker; Following the Goods: Financial Management for the Young and Ambitious, by Adam Goodman.

Source:

<http://www.theglobeandmail.com/globe-investor/investor-education/ten-money-tips-for-young-people/article4187137/>

**"DO NOT SAVE WHAT IS LEFT AFTER SPENDING,  
BUT SPEND WHAT IS LEFT AFTER SAVING."**

**WARREN BUFFET**

To create a spending plan, one of the first steps is to track your spending.

This week, every time you spend money write down what you spent it on and how much. Write it here, or write it in your phone or on a scrap of paper in your pocket and then transfer to this page. Or download an app like <http://dollarbird.co/> and you can track your spending in your phone.

[illegible]



